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HOUSE BILL 1779

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State of Washington                      59th Legislature                      2005 Regular Session

By Representatives Schual-Berke, Roach and Morrell

Read first time 02/04/2005.      Referred to Committee on Financial Institutions & Insurance.

1            AN ACT Relating to homeowners' insurance; and adding a new section  
2 to chapter 48.18 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            NEW SECTION.    **Sec. 1.** A new section is added to chapter 48.18 RCW  
5 to read as follows:

6            (1) For the purposes of this section:

7            (a) "Adverse action" has the same meaning as defined in the fair  
8 credit reporting act, 15 U.S.C. Sec. 1681 et seq. Adverse actions  
9 include, but are not limited to the following:

10            (i) Cancellation, denial, or nonrenewal of homeowners' insurance  
11 coverage;

12            (ii) Charging a higher insurance premium for homeowners' insurance  
13 than would have been charged if the information from the consumer  
14 reporting organization had been more favorable, whether the charge is  
15 by any of the following:

16            (A) Application of a rating rule;

17            (B) Assignment to a rating tier that does not have the lowest  
18 available rates; or

1 (C) Placement with an affiliate company that does not offer the  
2 lowest rates available to the consumer within the affiliate group of  
3 insurance companies; or

4 (iii) Any reduction, adverse, or unfavorable change in the terms of  
5 coverage or amount of any homeowners' insurance due to information  
6 received from a consumer reporting organization, including the  
7 following:

8 (A) Coverage provided to the consumer is not as broad in scope as  
9 coverage requested by the consumer but available to other insureds of  
10 the insurer or any affiliate; or

11 (B) The consumer is not eligible for benefits such as dividends  
12 that are available through affiliate insurers.

13 (b) "Affiliate" has the same meaning as defined in RCW  
14 48.31B.005(1).

15 (c) "Consumer" means an individual policyholder or applicant for  
16 insurance.

17 (d) "Consumer reporting organization" means an organization that  
18 operates a data base, which is populated primarily by information  
19 provided by insurance institutions.

20 (e) "Homeowners' insurance coverage" includes residential  
21 homeowners', mobile homeowners', manufactured homeowners', condominium  
22 owners', and renters' coverage.

23 (f) "Tier" means a category within a single insurer into which  
24 insureds with substantially like insuring, risk or exposure factors,  
25 and expense elements are placed for purposes of determining rate or  
26 premium.

27 (2) When an insurer takes adverse action against an insured, the  
28 insurer may consider the following only in combination with other  
29 substantive underwriting factors: The fact that an individual has  
30 previously inquired about the nature or scope of coverage under a  
31 homeowners' insurance policy when:

32 (a) The information about this inquiry was received from the  
33 insured's records or from a consumer reporting organization; and

34 (b) The inquiry did not result in the filing of a claim.

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